November 12, 2015

The Honorable Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

(Comment submitted electronically, Reference: INVESTPLAN2-WS)

RE: Cap-and-Trade Auction Proceeds, Second Investment Plan

Dear Chair Nichols,

We appreciate the opportunity to provide comments regarding the Air Resources Board's ("ARB"), Cap-and-Trade Auction Proceeds Second Investment Plan (the "Second Investment Plan").

Sylvatex's MicroX is a low-cost EPA registered fuel additive that splash blends into petroleum diesel, biodiesel and renewable diesel. When blended into ULSD, Sylvatex's alternative diesel fuel product has been shown to reduces PM emissions by up to 57%. When blended into B100, NOx reductions as high as 18% have been seen. From our preliminary data, we believe the Sylvatex microblend could be used as a NOx mitigation additive with Biodiesel as well as an ADF. Sylvatex's MicroX blendstock products offer greater flexibility for diesel fuel producers and distributors to meet increasing EPA low carbon fuel mandates while providing their customers with a cleaner greener fuel.

I would like to emphasize our company's support for California's innovative and robust low carbon fuel policies including the Low Carbon Fuel Standard (LCFS), Cap-and-Trade, Greenhouse Gas Reduction Fund ("GGRF"), and the California Climate Investments. I am pleased to confirm that this policy framework is a powerful catalyst driving low carbon fuel production and demand locally, nationally, and globally. The California Climate Investments are motivating the world's most innovative low carbon fuels companies to consider investing and siting in California.

Strategic Portfolio of GHG Reducing Programs

We support ARB's overall strategy to invest GGRF revenues on a diversified basis to achieve the maximum feasible GHG reductions as cost-effectively as possible. We are supportive of the references in ARB's Second Investment Plan to the establishment of incentives for the in-state production of low carbon intensity fuels. Currently, over 80% of the low carbon fuels used in California are being imported from other states and foreign countries. As the nation's clean economy leader, California deserves to receive the economic development and job benefits of its own state policies.

ARB's decision to invest GGRF funds to expand in-State low carbon fuels production is fiscally and environmentally prudent because:

- The transportation sector is the largest source of GHG emissions currently and is also the largest source of planned GHG reductions that are to be achieved primarily through Cap-and-Trade, and the LCFS.
- Liquid and gaseous low carbon fuels have delivered 89% of the GHG reductions in the LCFS to date and will continue to deliver the overwhelming majority for the next five years.
- Liquid and gaseous low carbon fuels can be stored, blended and distributed via the existing petroleum distribution network and utilized in existing gasoline, diesel, and natural gas powered vehicles.
- These fuels and vehicles are the only technologies that can be immediately deployed to deliver substantial GHG and other emission reductions to California's rural and urban disadvantaged communities.
- California's Climate Commitment of cutting petroleum use in half by 2030 will be facilitated by doubling the use of low carbon fuels including biofuels and renewable natural gas.

Summary of Recommended Program Structure

We support the specific policy structure known as the California Climate Incentive Fuel Program (CCIFP) developed by the Low Carbon Fuels Coalition with broad industry involvement.

Conclusion

We appreciate the ARB's inclusion of low carbon fuels production within the scope of its Second Investment Plan. Thank you for your consideration of this comment.

Sincerely,

Virginia Klausmeier
CEO/Founder

Cc: Graham Noyes, Low Carbon Fuels Coalition